

RESOLUTION NO. 13-04

**A RESOLUTION CONFIRMING THE DESIGNATION OF
AN ECONOMIC REVITALIZATION AREA FOR
PROPERTY TAX ABATEMENT FOR ENDOCYTE, INC.**

WHEREAS, IND. CODE chapter 6-1.1-12.1 allows a partial abatement over a seven year period of property taxes attributable to the installation of new manufacturing equipment in Economic Revitalization Areas; and

WHEREAS, IND. CODE chapter 6-1.1-12.1 empowers the Common Council to designate Economic Revitalization Areas by following a procedure involving the adoption of a preliminary resolution, provision of public notice, conducting of a public hearing and adoption of a final resolution confirming, modifying or rescinding the preliminary resolution; and

WHEREAS, the business (called applicant) named above and in the attachment to this resolution, which attachment is incorporated herein by reference, has an ownership interest in the geographic area (called subject real estate) described in such attachment; and

WHEREAS, the applicant has requested that the subject real estate be designated as an Economic Revitalization Area for the purpose of achieving property tax savings in connection with the installation on the subject real estate of new research and development equipment/new manufacturing equipment (called New Equipment) identified in such attachment; and

WHEREAS, during a preliminary hearing at 7:30 p.m. on May 3, 2004, the Common Council received evidence about whether the subject real estate should be designated as an Economic Revitalization Area and the Common Council adopted Resolution No. 9-04, hereinafter the preliminary resolution, making various findings and designating the subject real estate as an Economic Revitalization Area subject to the adoption of a confirming resolution by the Common Council and subject to the limiting conditions, and it fixed 7:30 p.m. on June 7, 2004, in the West Lafayette Council Chamber for final public hearing for the receiving of remonstrances and objections from persons interested in whether the subject real estate should be designated as an Economic Revitalization Area; and

WHEREAS, a copy of such preliminary resolution was properly filed with the county assessor and proper legal notices were published indicating the adoption and substance of such preliminary resolution and stating when and where such final hearing would be held; and

WHEREAS, at such final public hearing, evidence and testimony (along with any written remonstrances and objections previously filed) were considered by the Common Council.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF THE CITY OF WEST LAFAYETTE that:

1. The Common Council now confirms its findings that:

The estimate of the cost of the New Equipment is reasonable for equipment of that type.

The estimate of the number of individuals who will be employed or whose employment will be retained can be reasonably expected to result from the proposed described installation of New Equipment.

The estimate of the annual salaries of those individuals who will be employed or whose employment will be retained can be reasonable expected to result from the proposed described installation of New Equipment.

Other benefits about which information was requested are benefits that can be reasonably expected to result from the proposed described installation of New Equipment.

The totality of benefits is sufficient to justify the deduction.

2. The Common Council now confirms, adopts and approves such Preliminary Resolution and thereby designates, finds and establishes the subject real estate an Economic Revitalization Area. This designation is subject to the condition that designation allows abatement of property taxes only relative to the installation of specified New Equipment on the subject real estate for seven years. However, on the written request of the applicant, the Director of the Department of Development is allowed to authorize, in writing, substitutions, modifications and additions to the tax abatement set forth above and in the attachment which are not substantial in nature to the specified New Equipment before March 1st of the year in which the initial certified deduction application for New Equipment is filed with the Tippecanoe County Auditor and the State Board of Tax Commissioners.

3. The Economic Revitalization Area designation terminates three years after the date of the final resolution. Accordingly, partial abatement of property taxes is allowed, to the extent provided above relative to specified New Equipment installed on the subject real estate during the period from February 27, 2004, until three years after adoption of the final resolution. However, termination of this designation does not limit the period of time to a period of less than the applicant or successor owner is entitled to receive a partial abatement of property taxes relative to specified New Equipment installed on the subject real estate before the termination of such designation, as provided by IND. CODE chapter 6-1.1-12.1.

4. The partial abatement of taxes attributed to the installation of the specified New Equipment is subject to limitations contained in the Statement of Benefits that is a part of the attachment to this resolution.

This resolution shall be in full force and effect from and after its passage and signing by the Mayor.

INTRODUCED AND FILED ON _____, 2004.

PASSED AND ADOPTED BY THE COMMON COUNCIL OF THE CITY OF WEST LAFAYETTE, INDIANA ON _____, 2004, HAVING BEEN PASSED BY A VOTE OF ____ IN FAVOR AND ____ OPPOSED.

Presiding Officer

Attested:

Clerk-Treasurer

PRESENTED BY ME TO THE MAYOR OF THE CITY OF WEST LAFAYETTE, INDIANA ON _____, 2004, AT THE HOUR OF _____ .M.

Clerk-Treasurer

THIS RESOLUTION APPROVED AND SIGNED BY ME ON _____, 2004, AT THE HOUR OF _____ .M.

Jan H. Mills, Mayor

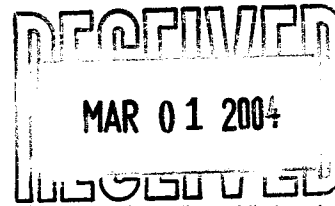
Attested:

Clerk-Treasurer

**STATEMENT OF BENEFITS**

State Form 27167 (R6 / 4-00)

Form SB - 1 is prescribed by the State Board of Tax Commissioners, 1989

**FORM
SB - 1****INSTRUCTIONS:**

1. This statement must be submitted to the body designating the economic revitalization area ~~area prior to the public hearing~~ if the designating body requires information from the applicant in making its decision about whether to designate an Economic Revitalization Area. Otherwise this statement must be submitted to the designating body **BEFORE** a person installs the new manufacturing equipment and / or research and development equipment, or **BEFORE** the redevelopment or rehabilitation of real property for which the person wishes to claim a deduction. "Projects" planned or committed to after July 1, 1987 and areas designated after July 1, 1987 require a STATEMENT OF BENEFITS. (IC 6-1.1-12.1)
2. Approval of the designating body (City Council, Town Board, County Council, etc.) must be obtained prior to initiation of the redevelopment or rehabilitation, or prior to installation of the new manufacturing equipment and / or research and development equipment, **BEFORE** a deduction may be approved.
3. To obtain a deduction, Form 322 ERA, Real Estate Improvements and / or Form 322 ERA / PPME and / or 322 ERA / PPR & DE, must be filed with the county auditor. With respect to real property, Form 322 ERA must be filed by the later of: (1) May 10; or (2) thirty (30) days after a notice of increase in real property assessment is received from the township assessor. Form 322 ERA / PPME and / or 322 ERA PPR & DE must be filed between March 1 and May 15 of the assessment year in which new manufacturing equipment and / or research and development equipment becomes assessable, unless a filing extension has been obtained. A person who obtains a filing extension must file the form between March 1 and June 14 of that year.
4. Property owners whose Statement of Benefits was approved after June 30, 1991 must submit Form CF - 1 annually to show compliance with the Statement of Benefits. (IC 6-1.1-12.1-5.6)
5. The schedules established under IC 6-1.1-12.1-4(d) and IC 6-1.1-12.1-4.5 (e) effective July 1, 2000 apply to any statement of benefits filed on or after July 1, 2000.
The schedules effective prior to July 1, 2000 shall continue to apply to those statement of benefits filed before July 1, 2000.

SECTION 1		TAXPAYER INFORMATION					
Name of taxpayer Endocyte, Inc.							
Address of taxpayer (street and number, city, state and ZIP code) 1205 Kent Avenue West Lafayette, IN 47906							
Name of contact person Carol Coble				Telephone number (765) 463-7175			
SECTION 2		LOCATION AND DESCRIPTION OF PROPOSED PROJECT					
Name of designating body West Lafayette City Council				Resolution number			
Location of property 1205 Kent Avenue		County Tippecanoe		Taxing district 164			
Description of real property improvements and / or new manufacturing equipment and / or research and development equipment (use additional sheets if necessary) The company needs to purchase laboratory equipment needed to conduct research and development.				ESTIMATED			
				Start Date		Completion Date	
				Real Estate			
				New Mfg Equipment			
R & DE		2004		2006			
SECTION 3		ESTIMATE OF EMPLOYEES AND SALARIES AS RESULT OF PROPOSED PROJECT					
Current number 31	Salaries \$2 million	Number retained 31	Salaries \$2 million	Number additional 12	Salaries 1,120,200		
SECTION 4		ESTIMATED TOTAL COST AND VALUE OF PROPOSED PROJECT					
NOTE: Pursuant to IC 6-1.1-12.1-5.1 (d) (2) the COST of the property is confidential.	Real Estate Improvements		Machinery		Research and Development Equipment		
	Cost	Assessed Value	Cost	Assessed Value	Cost	Assessed Value	
Current values					684,108	273,997	
Plus estimated values of proposed project					1,000,000		
Less values of any property being replaced							
Net estimated values upon completion of project					1,684,108		
SECTION 5		WASTE CONVERTED AND OTHER BENEFITS PROMISED BY THE TAXPAYER					
Estimated solid waste converted (pounds) _____		Estimated hazardous waste converted (pounds) _____					
Other benefits:							
SECTION 6		TAXPAYER CERTIFICATION					
I hereby certify that the representations in this statement are true.							
Signature of authorized representative 			Title President/CEO		Date signed (month, day, year) 2/27/04		

FOR USE OF THE DESIGNATING BODY

We have reviewed our prior actions relating to the designation of this economic revitalization area and find that the applicant meets the general standards adopted in the resolution previously approved by this body. Said resolution, passed under IC 6-1.1-12.1-2.5, provides for the following limitations as authorized under IC 6-1.1-12.1-2.

- A. The designated area has been limited to a period of time not to exceed _____ calendar years * (see below). The date this designation expires is _____.
- B. The type of deduction that is allowed in the designated area is limited to:
- | | |
|---|--|
| 1. Redevelopment or rehabilitation of real estate improvements; | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 2. Installation of new manufacturing equipment; | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 3. Installation of new research and development equipment; | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 4. Residentially distressed areas | <input type="checkbox"/> Yes <input type="checkbox"/> No |
- C. The amount of deduction applicable for redevelopment or rehabilitation is limited to \$ _____ cost with an assessed value of \$ _____.
- D. The amount of deduction applicable to new manufacturing equipment is limited to \$ _____ cost with an assessed value of \$ _____.
- E. The amount of deduction applicable to new research and development equipment is limited to \$ _____ cost with an assessed value of \$ _____.
- F. Other limitations or conditions (specify) _____

Also we have reviewed the information contained in the statement of benefits and find that the estimates and expectations are reasonable and have determined that the totality of benefits is sufficient to justify the deduction described above.

Approved: (signature and title of authorized member)	Telephone number ()	Date signed (month, day, year)
Attested by:	Designated body	

* If the designating body limits the time period during which an area is an economic revitalization area, it does not limit the length of time a taxpayer is entitled to receive a deduction to a number of years designated under IC 6-1.1-12.1-4 or 4.5

**CITY OF WEST LAFAYETTE
TAX ABATEMENT APPLICATION FORM
WEST LAFAYETTE ECONOMIC DEVELOPMENT COMMISSION**

Please complete the following questions prior to applying for tax abatement. Should questions arise please contact the Department of Development, 609 W. Navajo, West Lafayette, Indiana 47906, 765-775-5160. The abatement process is explained in the "West Lafayette Tax Abatement Handbook" attached to this document. Please be sure that you also fill out the additional "supplementary" information sheets also attached.

SECTION I-- APPLICANT

1. Name of Applicant: **Endocyte, Inc.**
2. Address: **1205 Kent Ave
West Lafayette, IN 47906**
3. Date Organized or Incorporated: **December 1995**
4. Chief Executive Officer: **P. Ron Ellis**
5. Principal Contact or Agent: **Carol Coble**
6. Principal Office Address: **1205 Kent Ave
West Lafayette, IN 47906**
7. Name of Parent Company (if any):
8. Address of Parent Company (if any):
Phone:
9. Applicant is applying for Economic Revitalization Area designation for the purpose of:

☐ Real Property Tax Abatement
☒ Personal Property Tax Abatement (R&D/Laboratory Equipment)
☐ Number of full-time personnel currently employed locally

10. Please Provide:

- a. a brief history of the company and eight (8) copies of the last Annual Report
- b. Relevant financial information, e.g. annual report, etc.

Private company and information is confidential.

SECTION II-- LOCATION OF IMPROVEMENT

11. Location of Site: 1205 Kent Ave

12. Assessor's Parcel (key) #: 164-05510-00010

13. Owner of Property: **Purdue Research Foundation**

14. Does the company currently conduct business at the location?

 x Yes No

If yes, describe:

SECTION III-- NATURE OF THE IMPROVEMENT

15. Nature of the product or service to be performed at the site:

Research and development activities

16. Description of the proposed physical improvements. What physical changes will be made on the project property?

Real Property or Manufacturing Improvements:

Personal Property (New Manufacturing Equipment):

Company requires new laboratory equipment to conduct research and development.

17. Cost of the real property or manufacturing improvements (excluding land costs): **N/A**
18. Size of the facilities to be constructed (in square feet), if any: **N/A**
19. Cost of the new manufacturing equipment to be installed: **Research and Development equipment
\$1,000,000**
20. What is the timetable for the start and completion of project? **2nd Qtr 2004 – end of 2006**
21. When is completion expected? **3 Years**
22. How many permanent employees employed as a result of this project? **5, could be as many as 12**
23. In what type of employment will they be engaged? **Research and Development of anticancer agents**

24. Estimate of the additional annual payroll to be produced at the end of:
1 year \$ 569,000 3 years \$ 1,120,200

25. Will the project result in any pollution? No

air _____ water _____ noise _____ other _____

Explain:

26. Will the project require a rezoning, variance, or zoning approval before construction is initiated? _____ yes x no

If yes, explain:

27. Describe additional public utilities and municipal services or facilities necessitated by the project (e.g., enlargement of sewer, street improvements, water supply, upgrading of traffic signals, etc.):

None

28. With what businesses will you directly compete in the Greater Lafayette Area? **N/A**

- | | |
|----|-----|
| 1. | 6. |
| 2. | 7. |
| 3. | 8. |
| 4. | 9. |
| 5. | 10. |

What are your products or services sold outside the eight (8) county area?

Developing products for future sale

29. The following is a definition of an "economic revitalization area". Please read the definition and answer the following question as it pertains to your project. According to IC 6-1.1.1-12.1-1: "Economic revitalization area" means an area which is within the corporate limits of a city, town or county which has become undesirable for, or impossible of; normal development and occupancy because of a lack of development, cessation of growth, deterioration of improvements or character of occupancy, age, obsolescence, substandard buildings or other factors which have impaired values or prevent a normal development of property or use of property. The term "economic revitalization area" also includes any area where a facility or a group of facilities that are technologically, economically, or energy obsolete are located and where the obsolescence may lead to a decline in employment and tax revenues.

What evidence can be provided that the project property should be designated as an "Economic Revitalization Area" based on this definition?

The corporation's ability to thrive is in part dictated by the ability to attract and retain qualified employees. The requirements to maintain a leading edge laboratory will be a crucial factor in keeping this caliber of scientist in West Lafayette. Endocyte will be relocating to the PTC expansion area that has been designated an Economic Revitalization Area. This recognizes the importance of technology and research in the development and diversification of the West Lafayette economy.

SECTION IV-- ADDITIONAL APPLICANT INFORMATION

30. Has the applicant or any predecessor of the applicant defaulted in any material respect the performance of financial obligations by the applicant?

yes x no If yes, explain:

31. Has the applicant ever applied for or benefited from any tax abatement in any other project in the State of Indiana or elsewhere? x Yes No

If yes, explain:

Endocyte received a tax abatement in 2001 for research and development equipment.

SECTION V -- ANNUAL REPORT & HISTORY OF COMPANY

32. Is there any pending litigation materially affecting the applicant?

 Yes x No If yes, please describe (or have counsel for the applicant describe) giving procedural posture of the case(s):

33. Are there any restrictions contained in the applicant's Articles or Certificate of Incorporation, Charter, Bylaws, Code of Regulations or any agreements to which the applicant is a party that could affect the applicant's ability to engage in this project? __ Yes x No

If yes, explain:

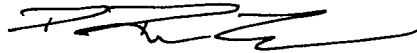
34. Certified Public Accountant: **Ernst & Young**

35. Commercial Bankers: **Lafayette Bank & Trust**

36. Company Counsel: **Barnes and Thornburg**

I hereby certify that the above information and representations are to the best of my knowledge true and complete.

Signature of Applicant



Position: **President/CEO**

Date Submitted: **2/27/04**

Company Contact Person: **Carol Coble**

Address: **1205 Kent Ave
West Lafayette, IN 47906**

Phone: **765.463.7175**

Fax: **765.463.9271**

**SUPPLEMENTARY INFORMATION SHEET
TAX ABATEMENT APPLICATION
CITY OF WEST LAFAYETTE
ECONOMIC DEVELOPMENT COMMISSION**

To be completed by applicant

MANUFACTURING OR COMMERCIAL

Is this request for:

_____ improvements to real estate x new manufacturing equipment that
has not been taxed in Indiana before

Length of abatement requested for equipment and property:

Real Property _____ 3 years bldg _____ 6 years bldg _____ 10 years bldg
Mfg. Equipment _____ 5 years equip _____ 10 years equip
R&D/Lab Equipment _____ 3 year x 7 year _____ 10 year

Number of jobs for residents of the Greater Lafayette area*:

<u>Current</u>	<u>Retained</u>	<u>Additional</u> end of 2006 Construction
Engineering _____	Engineering _____	Engineering _____
Sales _____	Sales _____	Sales _____
Administration <u> 17 </u>	Administration <u> 17 </u>	Administration <u> 7 </u>
Manufacturing _____	Manufacturing _____	Manufacturing _____
Maintenance _____	Maintenance _____	Maintenance _____
Other (Specify) _____	Other (Specify) _____	Other (Specify) _____
Researchers <u> 14 </u>	Researchers <u> 14 </u>	Researcher <u> 5 </u>
		Regulatory _____

*Researchers include chemists, biologists, an immunologist, and pharmacologist/toxicologist.

Salaries of jobs for residents of the Greater Lafayette area*:

<u>Current</u>	<u>Retained</u>	<u>Additional</u> end of 2006 Construction
Engineering _____	Engineering _____	Engineering _____
Sales _____	Sales _____	Sales _____
Administration _____	Administration _____	Administration _____
Manufacturing _____	Manufacturing _____	Manufacturing _____
Maintenance _____	Maintenance _____	Maintenance _____
Other (Specify) _____	Other (Specify) _____	Other (Specify) _____
Total \$2 million	Total \$2 million	Total: \$1,120,200

We are a privately held small company, due to sensitivity and confidentiality of salary information, we have not broken salary out by type of job.

Payroll Categories:

Retained

_____ up to \$20,000
_____ \$20,000 to \$28,000
_____ \$28,001 to \$35,000
 x greater than \$35,000

Additional

_____ up to \$20,000
_____ \$20,000 to \$28,000
_____ \$28,001 to \$35,000
 x greater than \$35,000

Explanation of how the number of jobs were calculated and the time frame for reaching full employment level:

This is an early stage drug company with a business plan. At present, we are within that plan.

Type(s) of equipment¹, installation schedule(s)², and depreciation pool(s)³:

- 1. Requiring laboratory equipment**
- 2. Over the next three years**
- 3. Pool 2**

Narrative description of need (attach separate sheet if needed):

Endocyte is an early stage biotechnology company located in the Purdue Research Park. In collaboration with Purdue University, we are developing a drug targeting and delivery technology. Endocyte was founded in 1996. Our first product, a new imaging agent designed to detect ovarian cancer is in clinical trials. In 2003, we began clinical testing of our first cancer treatment product.

Since 1996, Endocyte has raised approximately \$32 million in capital to support our research. We plan on raising an additional \$15 million in mezzanine financing before an Initial Public Offering in 2006. Endocyte has 31 employees with an average salary of \$78,000 per employee. Our business plan is to hire an additional 15 researchers in 2004/6.

Our research involves the attachment of cancer agents to our proprietary drug targeting technology and testing these new agents in cancer cell lines and models. We need to purchase additional laboratory equipment to continue this research. We are purchasing laboratory equipment essential for the further development of this technology.